QUANTIFIABLE EDGES SUBSCRIBER LETTER

ASSESSING MARKET ACTION WITH INDICATORS AND HISTORY

October 21, 2026 Volume 20 Issue 201

Market Overview



Signals Overview

Aggregator	CBI Reading
Long	0

Tonight's Research Points

- The 2-day bounce from a 10-day low that failed to close above the 10ma suggests more upside in the next couple of days.

Short-term Outlook

The Bottom Line

The Aggregator is bullish, but SPX is primed to flip to overbought tomorrow. Therefore, I'm not terribly enthusiastic.

Summary of Recent Active Studies (see Letters from listed dates for details

Study Date	Description	Time span	Bias	Avg Run-up	Avg DrawDn	Avg DrawDn - 1 Std Dev
Active - Short Term						
October 21, 2026	SPX up 2 days off 10-day low, < 10ma	1-2 days	Bullish	1.08%	-0.78%	-1.63%
October 20, 2026	NYSE Up Vol % < 40. SPX closes up.	1-6 days	Bullish	1.51%	-1.36%	-2.71%
October 19, 2026	Bullish-month opex week closes lower	1-5 days	Bullish	1.82%	-1.27%	-2.54%
October 19, 2026	SPX outside day down 1%+ after an up day	1-4 days	Bullish	1.73%	-1.15%	-2.38%
Active - Long Term						
October 19, 2026	NASDAQ lagging	int term	neutral			
October 19, 2026	QQQ 5+ lower lows, worst day of the decline	1-20 days	Bullish	9.15%	-4.70%	-9.55%
September 22, 2026	RUT low in 20-day range, SPX high in range	1-40 days	Bullish	5.17%	-3.67%	-6.92%
July 6, 2026	No QE. Rate rise probable. Fed hawkish	int term	Bearish			
May 13, 2026	SPX historically strong 6-week rally	1-12 months	Bullish	18.96%	-8.29%	-10.88%
April 27, 2026	Sell in May 2nd yr Pres Cycle & 5% pullback	1-6 months	Bearish			
June 30, 2025	SPX Golden Cross (7/1/25)	int term	Bullish			

The Evidence

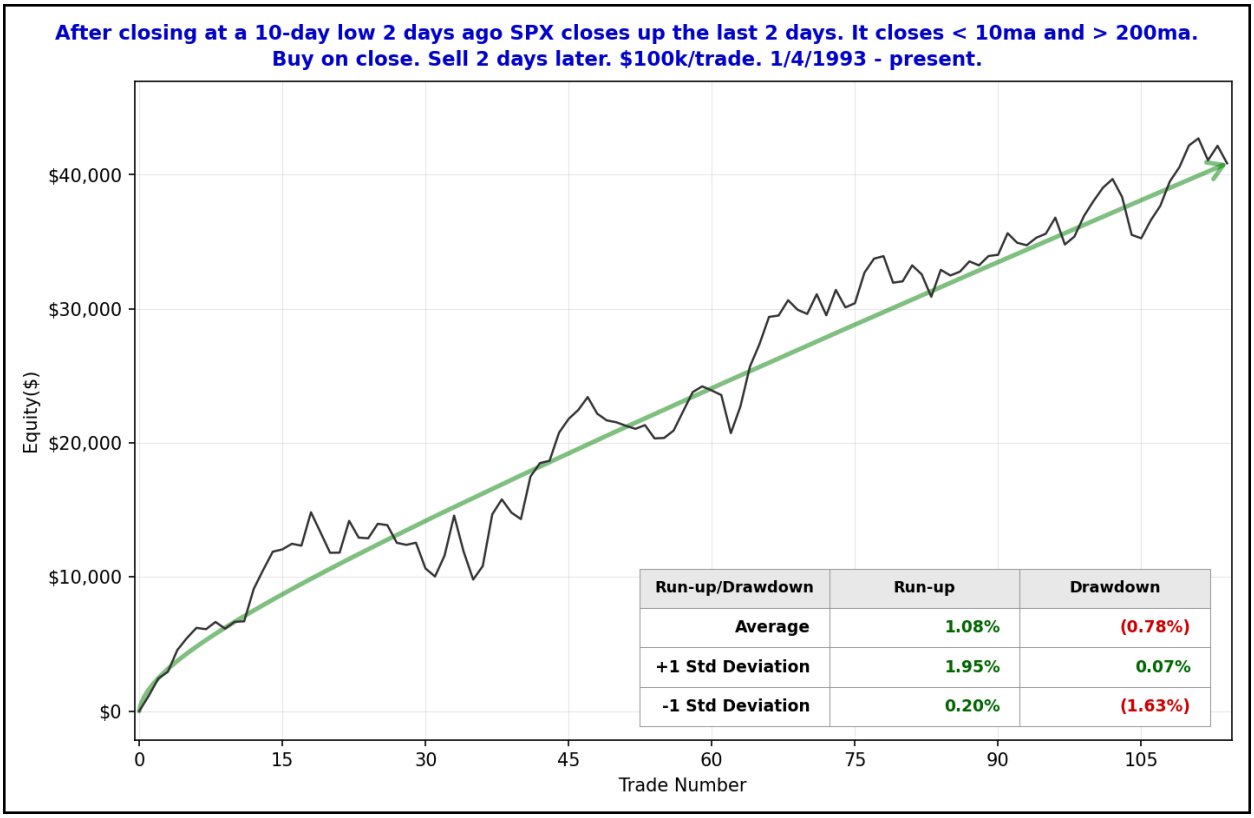
The market was mixed on Tuesday. SPX finished up 0.3%, the NASDAQ lost 0.02%, and the Russell 2000 rallied 1.7%. Breadth was strong as the NYSE Up Issues % closed at 69% and the NYSE Up Volume % posted a 75% reading. NYSE total volume rose some from Monday's level.

While SPX has risen the last 2 days, it still did not quite manage to close above its 10-day moving average. In the 6/15/26 letter I looked at other 2-day bounces from 10- day lows that failed to exceed the 10ma. I have updated that study below.

After closing at a 10-day low 2 days ago SPX closes up the last 2 days. It closes < 10ma and > 200ma.
Buy on close. Sell X days later. 1/4/1993 - present.

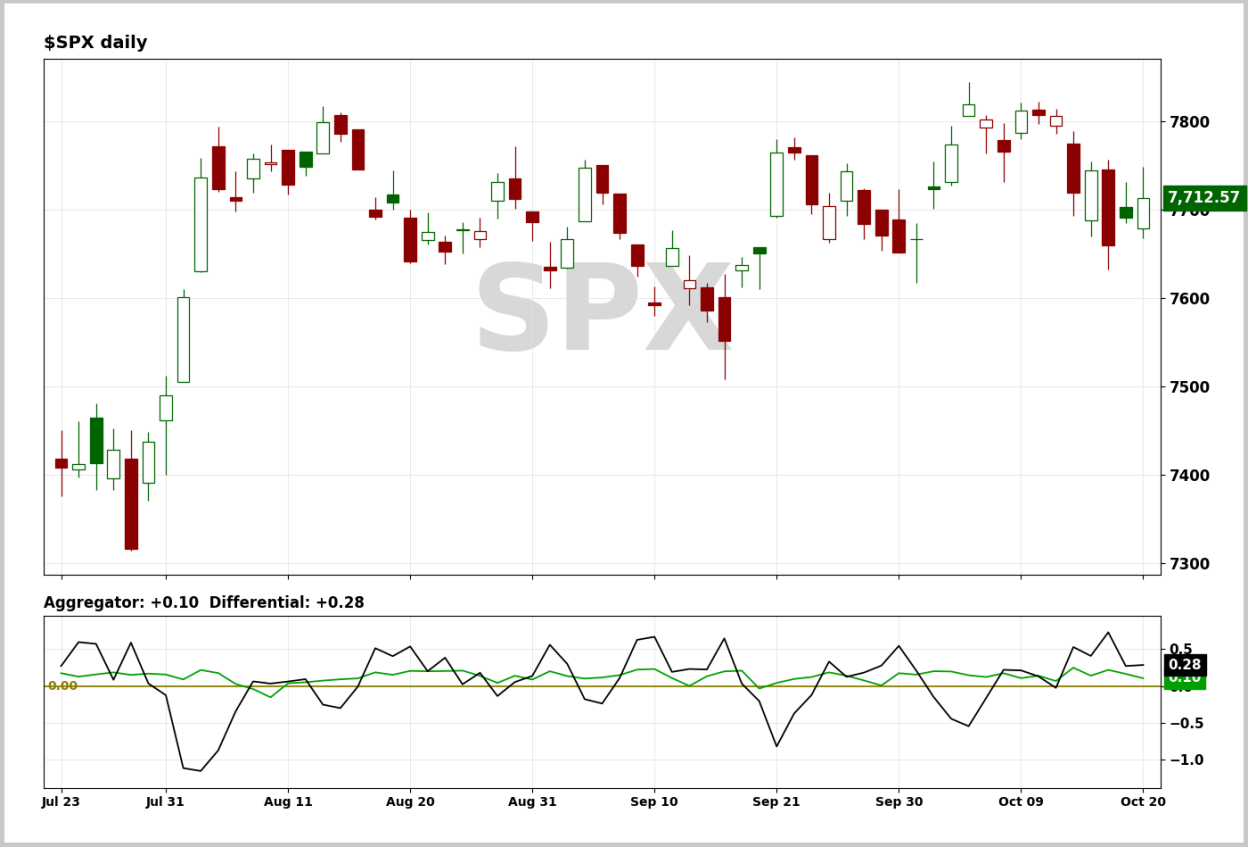
X Days	Total Trades	Winning Trades	Losing Trades	Win %	Max Winning Trade	Max Losing Trade	Avg Winning Trade	Avg Losing Trade	Win/Loss Ratio	Profit Factor	Avg Trade
5	111	68	43	61.26%	4.55%	-5.15%	1.60%	1.93%	0.83	1.31	0.231%
4	112	69	43	61.61%	4.56%	-5.58%	1.53%	1.61%	0.95	1.52	0.322%
3	114	75	39	65.79%	3.20%	-4.00%	1.23%	1.45%	0.85	1.63	0.313%
2	114	72	42	63.16%	3.86%	-2.84%	1.14%	0.99%	1.16	1.99	0.358%
1	114	70	44	61.40%	2.71%	-3.06%	0.77%	0.73%	1.06	1.69	0.192%

Stats here seem to suggest a bit of an upside edge, especially over the 1st couple of days. Below is a look at a profit curve that assumes a 2-day holding period.



While it is a bit choppy, the move from lower left to upper right certainly is persistent. The curve serves as some confirmation of the upside tendency suggested by the stats table. I have added this study to the active list tonight.

I have updated the Aggregator chart below.



With tonight's evidence considered, the green Aggregator Line remained above zero. Positive readings mean net expectations are for upside over the next few days. Meanwhile the black Differential Line held above zero. The positive Differential Line reading means that SPX is oversold versus recent expectations. So expectations are positive and SPX is oversold. This is considered a bullish configuration. Bullish configurations are visible on the chart whenever both lines close above zero. Therefore, the Aggregator formation stayed long at the close.

Based on the current list of active studies, expectations are set to remain positive on Wednesday. This could change if compelling new bearish evidence emerges. Meanwhile, the Differential Pivot will be slightly *inverted at* 7705.75. That is 0.1% *below* Tuesday's close. An inverted pivot means that the Differential Line will cross through zero if SPX closes flat. In this case, SPX will need to close down 0.1% or more on Wednesday in order to remain oversold. Anything other than that and it will flip to overbought versus recent expectations as of Wednesday's close.

So the Aggregator is bullish. But the inverted pivot reduces reward potential. This is because the bullish signal can only last one day if it moves in the anticipated direction. With reward/risk somewhat subdued, I generally view inverted pivots as opportune times to take profits rather than times to take on more exposure. So traders could look to take some profits on existing long positions Wednesday if favorable exits avail themselves.

Intermediate-term Outlook (2 weeks – 2 months) – updated 10/19 – neutral

Catapult and Capitulative Breadth Statistics

Catapult & CBI Presentation Link

Open Catapult Triggers

None

***Broad Market Large Cap CBI* – 0**

Additional New Trade Ideas

None.

Current Open Trade Ideas

Symbol	Entry Date	Entry Price	Current Price	% Gain/Loss	Notes
SPY(1/4)	10/15/2026	$766.25	$769.05	0.37%	*see note below*

I will look to exit the SPY position @ $773.00 LIMIT. If not filled by the close I will look to sell @ $769.00 LIMIT ON CLOSE.

DISCLAIMER: PAST PERFORMANCE, WHETHER ACTUAL OR TESTED, DOES NOT GUARANTEE FUTURE RESULTS, PROFITABILITY, OR CORRELATION TO ANY LISTED SECURITY OR TRADE IDEA.

This publication is produced by Quantifiable Edges, LLC (QE), and is intended solely for informational and educational purposes. It is a regularly issued impersonal financial research commentary, and should not be construed as personalized investment advice, a solicitation to buy or sell securities, or a recommendation tailored to any individual's financial circumstances. Data provided by Tradestation and Norgate Data. The information presented herein is believed to be accurate at the time of publication, but QE makes no representation or warranty as to its completeness or reliability. Opinions, data and analyses are subject to change without notice. Readers are encouraged to conduct their own due diligence and consult with a qualified financial professional before making investment decisions. There is a high degree of risk in trading and simulated performance results have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading or the results of a specific account or group of accounts. Because these trades may not have been executed, results could misrepresent the effects of market factors like liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. No representation is being made that any account will or is likely to achieve results like those shown. QE, its officers and employees do not accept responsibility for any direct or consequential loss resulting from the use of this information.

Mr. Robert Hanna, author of the publication, is separately affiliated with Eastsound Capital Advisors, LLC (ECA), doing business as Capital Advisors 360. ECA is registered as an investment adviser with the Securities and Exchange Commission (SEC). ECA provides individual client services only in states in which it is filed, or which an exemption or exclusion from such filing exists. Registration with the SEC does not imply a certain level of skill or training. Although ECA clients utilizing the approaches developed by Mr. Hanna incidentally receive the QE Gold Subscription at no charge, ECA does not sponsor, endorse or validate its content. Mr. Hanna and/or his clients may hold positions in securities (including derivatives) mentioned herein; however, such holdings are not intended as endorsements and may change without notice and/or differ from published study indications at the sole discretion of Mr. Hanna. No part of this publication may be reproduced, redistributed, or republished without prior written consent from QE.

Copyright © 2026 Quantifiable Edges, LLC.